

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF VIRGINIA  
ALEXANDRIA DIVISION**

STATE OF RHODE ISLAND OFFICE OF THE  
GENERAL TREASURER, ON BEHALF OF THE  
EMPLOYEES' RETIREMENT SYSTEM OF THE  
STATE OF RHODE ISLAND, Individually and on  
Behalf of All Others Similarly Situated,

Plaintiffs,

v.

THE BOEING COMPANY, DAVID L. CALHOUN,  
DENNIS A. MUILENBURG, BRIAN J. WEST, and  
GREGORY D. SMITH,

Defendants.

Civil Action No.

CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS

JURY TRIAL DEMANDED

## **I. INTRODUCTION**

Plaintiff State of Rhode Island Office of the General Treasurer, on behalf of the Employees' Retirement System of the State of Rhode Island ("Plaintiff"), individually and on behalf of all others similarly situated, by and through its counsel, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief are based upon, *inter alia*, counsel's investigation, which includes review and analysis of: (1) The Boeing Company's ("Boeing" or the "Company") regulatory filings with the U.S. Securities and Exchange Commission ("SEC"); (2) press releases and media reports issued and disseminated by the Company; (3) analyst and media reports concerning the Company; and (4) other public information regarding the Company, including statements made by Boeing executives. Plaintiff believes that substantial additional evidentiary support exists for the allegations set forth herein after a reasonable opportunity for discovery.

## **II. SUMMARY OF THE ACTION**

1. This securities class action is brought on behalf of all persons or entities that purchased or otherwise acquired Boeing common stock between October 23, 2019 and January 24, 2024, inclusive (the "Class Period"). The claims asserted herein are alleged against Boeing, David L. Calhoun, Dennis A. Muilenburg, Brian J. West, and Gregory D. Smith (collectively, "Defendants") and arise under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder.

2. Boeing, headquartered in Arlington, Virginia, is one of the largest aerospace companies in the world. Its Commercial Airplanes Segment is a leading producer of commercial aircraft and offers a family of commercial jetliners including its 737 MAX. In fact, Boeing and its key competitor, Airbus SE, are the only two major suppliers of large passenger aircraft in the world

and the two companies share near exclusive control of the worldwide business for large commercial jets.

3. The 737 MAX is Boeing's fastest and best-selling airplane. Future sales of this plane are critical to the Company's overall growth prospects. As of August 2023, Boeing's backlog of unfilled orders for the 737 MAX stood at 3,839. In particular, sales of the 737 MAX to customers in China are critical to Boeing's future as the Company expects the Chinese market will account for a fifth of the world's airplane deliveries in the next two decades.

4. Over the last two decades, Boeing has outsourced the production and assembly of an increasing amount of its airplane components to third-party suppliers to reduce the Company's costs and overall production time. While Boeing is still responsible for overseeing the work of its suppliers, and claims to maintain strong quality assurance standards, critics, including Boeing engineers, have claimed this outsourcing leaves the Company vulnerable to dangerous quality lapses and weakens its ability to maintain safety standards.

5. Approximately five years ago, two Boeing 737 MAX 8 planes were involved in fatal crashes caused by malfunctions due to design flaws in the 737 MAX's flight control software. The first crash occurred in October 2018 and the second crash occurred in March 2019 killing a total of 346 people and leading to 737 MAX planes being grounded from March 2019 to December 2020. Numerous investigations into the cause of these accidents revealed that software designed by Boeing to help the plane avoid stalls malfunctioned, causing the planes to crash.

6. In the wake of these disasters, Defendants promised that Boeing would be laser-focused on safety and touted the efficacy of its renewed manufacturing, production, and oversight efforts as well as operational changes it had made to assure the adequacy of its quality control standards. Boeing ultimately entered into a deferred prosecution agreement with the U.S.

Department of Justice (“DOJ”) related to the incident in January 2021. In making that agreement, the DOJ considered the remedial measures Boeing claimed to be taking to ensure no such lapse in safety ever happened again. For instance, Boeing promised to create a permanent Aerospace Safety Committee (“ASC”) of the Board of Directors. Boeing promised these efforts would be part of a Company-wide realignment behind safety priorities including in its manufacturing, engineering, and production operations.

7. The Class Period starts on October 23, 2019, when Defendants boasted that Boeing was “making steady progress,” on its “top priority . . . the safe return to service of the 737 MAX.” Throughout the Class Period, Defendants made similar statements, consistently assuring investors that Boeing was “laser-focused on . . . safety, quality and transparency.” Defendants also claimed that Boeing did not make “trade-offs,” between safety and profit, and that safety has “always been the priority and that will continue to be” at Boeing.

8. Unbeknownst to investors, statements such as those above were false and misleading because Boeing failed to disclose that it had been prioritizing its profits over safety, which led to poor quality control standards in the production of its commercial aircrafts such as the 737 MAX, resulting in a heightened risk of manufacturing flaws which could render the Company’s new airplanes unsafe. This very risk had materialized during the Class Period. These false and/or misleading statements caused Boeing stock to trade at artificially inflated prices during the Class Period.

9. It took a near disaster to expose this heightened safety risk. The public first learned about it on January 5, 2024 when a panel called a “door plug” flew out of the side of a 737 MAX 9 (a variant of 737 MAX) during Alaska Airlines Flight 1282. This left a gaping hole in the plane’s main cabin, feet from where passengers were sitting. The hole caused an uncontrolled

decompression of the aircraft shortly after takeoff and forced the pilots to make an emergency landing as passengers messaged their loved ones.

10. Fortunately, all 171 passengers and six crew members survived the accident. Indeed, aviation accident experts have opined that the incident could have been far worse if it had not occurred in the plane's initial ascent when the aircraft is lower to the ground and passengers are generally buckled in seatbelts, as opposed to walking around the cabin.

11. Due to the gravity of the incident, regulators were forced to immediately spring into action to determine its cause and prevent any future catastrophes. This includes investigations into Boeing's manufacturing process by federal aviation regulators as well as inspections of planes that could have similar defects. Soon thereafter, 171 of the 737 MAX 9 planes were grounded pending further inspection. Defendant Calhoun has essentially admitted that the emergency was Boeing's doing, telling employees the Company would acknowledge its mistakes and calling the incident a "quality escape" related to a manufacturing lapse on the part of Boeing and one of its major suppliers.

12. Over the next few weeks, investigations into the incident continued and problems with such door plugs on other 737 MAX planes were discovered including loose bolts holding the door plugs in place, further revealing the Company's manufacturing and production missteps and leading to the grounding of many 737 MAX 9 planes. Due to these issues, Boeing customers in China have delayed their orders of 737 MAX airplanes pending additional safety inspections and U.S. regulators barred the Company from expanding production of its 737 MAX planes. In reaction to these disclosures, Boeing's stock price plummeted from \$249.00 on January 5, 2024 to \$201.88 on January 25, 2024, a \$47.12 per share or 18.9% decline.

13. As a result of Defendants' wrongful acts and omissions, and the resulting decline in the market value of Boeing's stock, Plaintiff and the Class (defined herein) suffered significant losses and damages under the federal securities laws.

### **III. JURISDICTION AND VENUE**

14. The claims asserted arise under Sections 10(b) and 20(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5.

15. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

16. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. § 1391(b). Defendant Boeing is headquartered in this District and a significant portion of its business, actions, and the subsequent damages to Plaintiff and the Class, took place within this District.

17. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

### **IV. PARTIES**

18. Plaintiff purchased Boeing stock during the Class Period, as indicated in the certification submitted herewith, and suffered damages as a result of the violations of federal securities laws alleged herein.

19. Defendant Boeing is a Delaware corporation with its principal executive offices located at 929 Long Bridge Drive Arlington, Virginia. The Company's shares trade on the NYSE

under the ticker symbol “BA.” As of October 18, 2023, Boeing had 604,976,797 shares of common stock outstanding, owned by hundreds or thousands of investors.

20. Defendant David L. Calhoun is President and Chief Executive Officer (“CEO”) of Boeing and has served in those roles since January 2020.

21. Defendant Dennis A. Muilenburg served as President and CEO of Boeing from the beginning of the Class Period until December, 2019.

22. Defendant Brian J. West is the Chief Financial Officer (“CFO”) of Boeing and had held that role during since August 2021.

23. Gregory D. Smith served as CFO of Boeing from the beginning of the Class Period until July 2021.

24. Defendants Calhoun, Muilenburg, West, and Smith are collectively referred to herein as the “Individual Defendants.” The Individual Defendants, because of their positions with Boeing, possessed the power and authority to control the contents of Boeing’s reports to the SEC, press releases, and presentations to securities analysts, money portfolio managers and institutional investors, *i.e.*, the market. Each of the Individual Defendants was provided with copies of the Company’s reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each “group-published” information, the result of the collective actions of the Individual Defendants.

25. Boeing is liable for the acts of the Individual Defendants, and its employees under the doctrine of *respondeat superior* and common law principles of agency as all the wrongful acts complained of herein were carried out within the scope of their employment with authorization.

26. The scienter of the Individual Defendants, and other employees and agents of the Company are similarly imputed to Boeing under *respondeat superior* and agency principles.

## **V. BACKGROUND**

27. Boeing is one of the world's leading producers of commercial aircraft. Boeing was originally founded in 1916 and found massive success developing early commercial jet aircraft such as the 707 and the original 737.

28. Among Boeing's current marquee products is the 737 MAX, its fastest and best-selling jet. The 737 Max 7 began commercial service in May 2017. There are four versions of the 737 MAX including the 737 MAX 7, the 737 MAX 8, the 737 MAX 9, and the 737 MAX 10. Both the 737 MAX 8 and the 737 MAX 9 are currently in service. The 737 MAX is critical not only to Boeing's present business, but its future. As of August 2023, there were 3,839 unfilled orders for the 737 MAX. Boeing is also working to get two new models certified by regulators: the 737 MAX 7 and the 737 MAX 10.

29. Airlines in countries around the world, including the United States, rely on 737 MAX planes. In fact, there are 1,160 active 737 MAX jets in the world. United Airlines has 79 of the MAX 9 version of these airplanes in its fleet, more than any other carrier. Alaska Airlines is another major user of the 737 MAX 9 and numerous airlines around the world also rely on the 737 MAX 9.

30. Selling 737 MAX airplanes, particularly to newer customers in the growing Chinese market, is critical to Boeing's future sales and profit growth. Boeing forecasts that the Chinese market will account for a fifth of the world's airplane deliveries in the next two decades.



31. Boeing's business is heavily regulated. For instance, in the United States, its commercial aircrafts must comply with Federal Aviation Administration ("FAA") regulations governing production and quality systems, airworthiness and installation approvals, repair procedures and continuing operational safety. In addition, Boeing is overseen by the National Transportation Safety Board ("NTSB"), a U.S. agency responsible for civil transportation accident investigation.

32. Over the last two decades, Boeing has become increasingly reliant on outsourcing manufacturing tasks to third-party suppliers to produce components for its aircrafts, including the 737 MAX. Critics have described this gradual increase in outsourcing as evidence that Boeing's corporate culture, which had once prized quality engineering and safety, had shifted to prioritizing profits. In fact, Boeing was warned repeatedly by its own engineers that such outsourcing could weaken its quality control standards.

33. One of Boeing's most important suppliers is Spirit AeroSystems, which builds the 737 Max fuselage (the main body of the aircraft). When building 737 MAX planes, Spirit AeroSystems installs "door plugs" in certain units in place of an emergency exit if an emergency exit is not needed. During the Class Period, Defendants were on notice of quality assurance problems at Spirit AeroSystems. During 2023, Boeing identified at least two separate quality failures by Spirit AeroSystems. Further, according to a shareholder lawsuit against Spirit AeroSystems, quality issues caused Boeing to put Spirit AeroSystems on probation at times during the Class period.

34. Even as Boeing outsourced several manufacturing functions to suppliers, the Company has retained full responsibility for monitoring those processes and assured investors it was engaged in appropriate oversight.

35. Soon after its launch, a critical software issue in the design of the 737 MAX caused two crashes of 737 MAX 8 jets in October 2018 and March 2019. These disasters killed 346 people and led to the 737 MAX planes around the world being grounded until December 2020. Investigations revealed not only that the crashes were caused by a malfunction in software designed by Boeing for the planes, but that Boeing did not properly instruct airlines and pilots on how to override the software if it malfunctioned.

36. Subsequently, Defendants claimed Boeing had a renewed focus on safety and that it would no longer cut corners or prioritize profit over safety. The Class Period begins after these crashes, when Defendants assured investors that Boeing had overhauled its operations to focus on safety, quality, and oversight of its manufacturing and production. Besides creating the ASC, Boeing created a Product and Services Safety organization to bolster the Company's safety functions. Boeing also organized its engineering operations to have all Boeing engineers report through Boeing's chief engineer rather than to the business units. Boeing promised customers and regulators that such moves were part of a broad organization prioritization of safety which included manufacturing quality.

## **VI. DEFENDANTS' MATERIALLY FALSE AND MISLEADING STATEMENTS**

### *Third Fiscal Quarter 2019*

37. The Class Period begins on October 23, 2019, when the Company announced its financial results for the third fiscal quarter of 2019 ended September 30, 2019. In a press release announcing these results, Defendants claimed "[o]ur top priority remains the safe return to service of the 737 MAX, and we're making steady progress," and claimed Boeing had "taken action to further sharpen our company's focus on product and services safety, and we continue to deliver on customer commitments and capture new opportunities with our values of safety, quality and integrity always at the forefront."

38. In the related earnings call the same day, Defendants made the following false and misleading statements:

Our priority remains supporting the safe return to service of the MAX and assisting our airline customers and operators through this difficult time.

...

In preparation for the safe return of the 737 MAX to service, we have worked to build the trust and confidence of our customers and regulators.

...

In summary, our priority continues to be the safe return to service of the 737 MAX, and we've continued to allocate additional resources and attention on this effort.

...

We will continue to apply whatever resources are required to return the 737 MAX safely into the fleet and take the time necessary to do so, working hand in hand with our customers.

...

It's important to note that everything we do are focused on quality and safety are and always have been our highest priority. We do not compromise these values for cost or schedule.

...

We'll stay true to our enduring values of safety, quality and integrity while driving operational excellence across the enterprise. We will never waver in our commitment, the importance of our work demands it. Nothing is more important to us than the safety of our customers and the flying public. The safe return to service of the 737 MAX is our company's top priority.

...

And I can tell you, we are making steady daily progress. We have a well-defined plan, and we're performing against that plan. And the preeminent focus here is on safety. We're going to take the time to get it right, make sure it's safe. And we'll continue to share the milestone progress as we go.

...

I think everybody here is aligned on the objective of a safe aviation system for our country. And I know that's the interest of the committees. That is clearly the interest of our company. And I look forward to participating in those hearings and talk about what we're doing, all again with a focus on safety. And that's our culture, that's what our company is about.

39. On October 23, 2019, the Company also filed with the SEC a Form 10-Q reporting the Company's financial and operational results for the quarter (the "Q3 2019 10-Q") which incorporated risk factors disclosed in the Company's Form 10-K for the year ended December 31, 2018. Such risk factors include the following:

We are dependent upon the ability of a large number of U.S. and non-U.S. suppliers and subcontractors to meet performance specifications, quality standards and delivery schedules at our anticipated costs. While we maintain an extensive qualification and performance surveillance system to control risk associated with such reliance on third parties, failure of suppliers or subcontractors to meet commitments could adversely affect production schedules and program/contract profitability, thereby jeopardizing our ability to fulfill commitments to our customers.

...

In addition, technical or quality issues that arise during development could lead to schedule delays and higher costs to complete, which could result in a material charge or otherwise adversely affect our financial condition.

...

If our commercial airplanes fail to satisfy performance and reliability requirements, we could face additional costs and/or lower revenues.

40. Appended as an exhibit to the Q3 2019 10-Q were signed certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX"), wherein the Individual Defendants certified that "[t]he [Q3 2019 10-Q] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange

Act]” and that “[t]he information contained in the [Q3 2019 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

*Baird Sponsored Conference*

41. Then, on November 6, 2019, Defendant Smith spoke at the Baird Global Industrial Conference. When asked if Boeing sacrifices “quality or safety for cost or schedule things,” Defendant Smith stated:

I’ve never seen a trade take place there between those elements. Safety has always been at the forefront of our business. It’s a 103-year old business that is – that’s the basis of this business and the success of this business is entering into whether you’re entering into a spacecraft or an airplane or a fighter or a helicopter safety is at the forefront of everything we do. And it’s embedded in the culture. We certainly have reflected a lot on the Max . . . . And our job is to ensure that nothing like that ever happens again. And that’s the priority within the company. And safety, again is always been a key element . . . . There’s no trade-offs that take place there. That’s the priority, that’s always been the priority and that will continue to be.

*Fourth Fiscal Quarter 2019 and Full Year 2019*

42. On January 29, 2020, the Company announced its financial results for the fourth fiscal quarter of 2019 and for the year ended December 31, 2019. In a press release announcing these results, Defendants stated:

We are focused on returning the 737 MAX to service safely and restoring the long-standing trust that the Boeing brand represents with the flying public. We are committed to transparency and excellence in everything we do. Safety will underwrite every decision, every action and every step we take as we move forward. Fortunately, the strength of our overall Boeing portfolio of businesses provides the financial liquidity to follow a thorough and disciplined recovery process.

43. In the related earnings call the same day, Defendants made the following false and misleading statements:

We’re committed to getting back on our front foot, learning with humility and building on the powerful legacy they and their

predecessors have created over the last century. This includes engaging with one another and our stakeholders with greater transparency, holding ourselves accountable to the highest standards of safety and quality and incorporating an outside-in perspective on what we do and how we do it.

...

First and foremost, our primary focus continues to be returning the 737 MAX to service safely. This includes following the lead of our regulators and working with them to ensure they're satisfied completely with the airplane and our work.

...

As you well know, over the last year, the entire Boeing Board has been actively engaged in helping to resolve our current challenges and enhancing our governance and safety oversight. These actions included establishing a Board Safety Committee and realigning and elevating safety management and engineering organizations across the company. These organization design changes will shine bright lights on the safety process and the engineering disciplines that underlie them.

...

As previously announced, we've also decided to temporarily suspend the 737 production beginning this month. We believe this decision is least disruptive to maintaining long-term production system and supply chain health. We will work closely with our supply chain to ensure we are ready to safely and smartly return to production.

...

Similarly, public, customer and stakeholder confidence in the 737 MAX is critically important to us. And with that focus, we've decided to recommend simulator training combined with computer-based training for all pilots prior to return to service. Our singular priority is safety, and every decision, every action, every step we take as we move forward will be guided by it.

...

Our culture is centered around strong shared value, safety, quality and integrity. Every day, we will recommit to these and foster an inclusive environment that embraces oversight and accountability and puts these 3 core principles above all else. We will listen and

resolve real-time any all employee concerns pertaining to safety or other of our shared values.

...

We will also focus on operating with excellence. We must get back to basics: delivering safe products and services to our customers while continuously improving our quality.

...

We'll keep taking steps to manage our supply chain health and maintain workforce expertise across the enterprise, so that in particularly, with respect to the 737 MAX, we'll be ready to restart production, increase rate safely, smartly, disciplined and with the highest standards of quality.

...

The focus right now, safely get this thing back in the air, and we're going to do it one airplane at a time . . . and ensure that we have this production system stable as we move up and delivering on our commitments to our customers.

44. On January 31, 2020, Boeing also filed with the SEC its Form 10-K reporting the Company's financial and operational results for the year (the "2019 10-K") which included the following false and misleading risk factors:

We are dependent upon the ability of a large number of U.S. and non-U.S. suppliers and subcontractors to meet performance specifications, quality standards and delivery schedules at our anticipated costs. While we maintain an extensive qualification and performance surveillance system to control risk associated with such reliance on third parties, failure of suppliers or subcontractors to meet commitments could adversely affect production schedules and program/contract profitability, thereby jeopardizing our ability to fulfill commitments to our customers.

...

In addition, technical or quality issues that arise during development could lead to schedule delays and higher costs to complete, which could result in a material charge or otherwise adversely affect our financial condition.

...

If our commercial airplanes fail to satisfy performance and reliability requirements, we could face additional costs and/or lower revenues.

45. The 2019 10-K also included the following false and misleading statements:

We are focused on safely returning the 737 MAX to service.

...

We are focused on safely returning the 737 MAX to service, improving our products and services and continuing our cost-reduction efforts, which enhances our ability to compete.

46. Appended as an exhibit to the 2019 10-K were signed certifications pursuant to SOX, wherein the Individual Defendants certified that “[t]he [2019 10-K] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [2019 10-K] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

*First Fiscal Quarter 2020*

47. Then, on April 29, 2020 the Company announced its financial results for the first fiscal quarter of 2020 ended March 31, 2020. In a press release announcing these results, Defendants claimed “[w]e are progressing toward the safe return to service of the 737 MAX, and we are driving safety, quality and operational excellence into all that we do every day.”

48. In the related earnings call the same day, Defendants made the following false and misleading statements:

We’re continuing our work on the safe return of the MAX to service, working closely with the FAA and other global regulators.

...

Looking ahead, we will continue to concentrate on what is most important across Boeing. To that end, I established 6 company priorities in January. They included returning the 737 MAX safely to service and earning back trust with our stakeholders.



...

We are progressing toward the safe return to service of the 737 MAX, and we are driving safety, quality, and operational excellence into all that we do every day.

49. On April 29, 2020, Boeing also filed with the SEC a Form 10-Q reporting the Company's financial and operational results for the quarter (the "Q1 2020 10-Q") which incorporated the risk factors disclosed in the Company's annual financial results reported on the 2019 10-K described above.

50. Appended as an exhibit to the Q1 2020 10-Q were signed certifications pursuant to SOX, wherein the Individual Defendants certified that "[t]he [Q3 2019 10-Q] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]" and that "[t]he information contained in the [Q3 2019 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company."

*Second Fiscal Quarter 2020*

51. Then, on July 29, 2020 the Company announced its financial results for the second quarter of 2020 ended June 30, 2020. In a press release announcing these results, Defendants claimed Boeing "resumed early stages of production on the 737 program with a focus on safety, quality and operational excellence. Following the lead of global regulators, Boeing made steady progress toward the safe return to service of the 737, including completion of FAA certification flight tests."

52. In the related earnings call the same day, Defendants made the following false and misleading statements:

We're continuing to make steady progress towards the safe return of the 737 to service, working closely with the FAA and other global regulators.

...

After an approximately 4-month suspension of production operations, in May, we resumed early stages of our 737 production line. During the suspension, we implemented more than a dozen initiatives focused on workplace safety, product quality, and they have strengthened the production system and helped optimize the build environment, allowing for more predictability and stability for future rate increases.

53. On July 29, 2020, Boeing also filed with the SEC a Form 10-Q reporting the Company's financial and operational results for the quarter (the "Q2 2020 10-Q") which incorporated the risk factors disclosed in the Company's annual financial results reported on the 2019 10-K described above.

54. Appended as an exhibit to the Q2 2020 10-Q were signed certifications pursuant to SOX, wherein the Individual Defendants certified that "[t]he [Q2 2020 10-Q] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]" and that "[t]he information contained in the [Q2 2020 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company."

*Jefferies Sponsored Conference*

55. Then, on August 5, 2020, Defendant Smith attended the Jefferies Industrials Conference. When asked about the Company's spending priorities, Defendant Smith claimed:

[W]e have not lost sight on the importance of making investments that are critical to the future of the business, for sure. That certainly includes investments in safety and quality and the operational excellence and aspects around our people and key technologies whether in factory enhancements and end products.

*Third Fiscal Quarter 2020*

56. On October 28, 2020 the Company announced its financial results for the third quarter of 2020 ended September 30, 2020. In a press release announcing these results, Defendants claimed Boeing "made steady progress toward the safe return to service of the 737 MAX, including

rigorous certification and validation flights conducted by the U.S. Federal Aviation Administration, Transport Canada and the European Union Aviation Safety Agency.”

57. In the related earnings call the same day, Defendants made the following false and misleading statements:

Turning to our overhead and organizational pillar. This is where we’ve been looking critically at our cost structure, at how Boeing operates and how we’re organized, benchmarked to top-quartile standards so we can simplify, reduce layers, reduce bureaucracy, while ensuring we strengthen connections vital to safety, quality and performance.

...

[W]e’re working diligently to accelerate operational excellence across the enterprise so that we can improve performance, enhance quality, safety, reduce rework and associated costs.

58. On October 28, 2020, Boeing also filed with the SEC a Form 10-Q reporting the Company’s financial and operational results for the quarter (the “Q3 2020 10-Q”) which incorporated the risk factors disclosed in the Company’s annual financial results reported on the 2019 10-K described above.

59. Appended as an exhibit to the Q3 2020 10-Q were signed certifications pursuant to SOX, wherein the Individual Defendants certified that “[t]he [Q3 2020 10-Q] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [Q3 2020 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

*Credit Suisse Sponsored Conference*

60. Then, on December 4, 2020, Defendant Smith attended the Credit Suisse Global Industrials Conference. There, Defendant Smith claimed the Company was “laser-focused on . . . safety, quality and transparency.”

*Fourth Fiscal Quarter 2020 and Full Year 2020*

61. On January 27, 2021, the Company announced its financial results for the fourth fiscal quarter of 2020 and for the year ended December 31, 2020. In a press release announcing these results, Defendants claimed:

The return to service of the 737 MAX in the U.S. and several other markets was an important step, and Boeing continues to follow the lead of global regulators and support its customers. Since the FAA's approval to return to operations, Boeing has delivered over 40 737 MAX aircraft and five airlines have safely returned their fleets to service as of January 25, 2021, safely flying more than 2,700 revenue flights and approximately 5,500 flight hours.

62. In the related earnings call the same day, Defendants made the following false and misleading statements:

A lot has happened in the last few months. So let me begin by sharing some of the highlights starting with the 737 MAX on the next chart. We made significant progress on the 737 program this quarter. The FAA in the United States, ANAC in Brazil, Transport Canada and just this morning, EASA in Europe have approved the resumption of 737 MAX operations, marking important milestones on our return to service journey. I would encourage all of you to read the various reports issued by our regulators regarding the intense scrutiny they put our airplanes through. This is the culmination of a comprehensive effort, including roughly 400,000 engineering hours, 1,400 test and check flights and over 3,000 flight hours completed on the airplane. Following one of the most rigorous certification efforts in aviation history, we're confident in the safety of our airplane.

...

We continue to work with global regulators and our customers to safely return the airplane to service worldwide.

...

[W]e're focused on safely delivering our 737 MAX airplanes that are in inventory, which began in December of last year. Prior to the delivery, teams are performing all the necessary tests and ensuring each airplane receives customized care and rolls into a delivery stall ready for customer acceptance and FAA review.

...

Since the FAA's approval to return the operations on November 18, we've delivered more than 40 737 MAX aircraft to our customers, and 5 airlines have safely returned their fleets to service, safely flying over 2,700 flights and approximately 5,500 flight hours as of January 25.

...

As part of our continued commitment to safety, we recently announced our first Chief Aerospace Safety Officer.

...

We're also evolving the way we work with our [12,000] suppliers. This began with our Boeing supplier (inaudible), which expanded (inaudible) can strengthen the relationship, yield improvement in quality, affordability, performance, on-time delivery."

...

And as we take action, we're ensuring that every step only further drives key [improvements] efforts in safety, quality, and [delivery on building on our] commitments.

63. On February 1, 2021, the Company also filed with the SEC an annual report on Form 10-K reporting the Company's financial and operational results for the year (the "2020 10-K") which included the following false and misleading risk factors:

We are subject to a number of risks and uncertainties related to the 737 MAX. These risks include uncertainties regarding the timing and conditions of 737 MAX regulatory approvals, in certain non-U.S. jurisdictions, lower than planned production rates and/or delivery rates, increased considerations to customers, increased supplier costs and supply chain health, changes to the assumptions and estimates made in our financial statements regarding the 737 program, and potential outcomes of various 737 MAX-related legal proceedings and government investigations.

...

Our Commercial Airplanes business depends on our ability to maintain a healthy production system, achieve planned production rate targets, successfully develop new aircraft or new derivative

aircraft, and meet or exceed stringent performance and reliability standards.

...

Our ability to deliver products and services that satisfy customer requirements is heavily dependent on the performance and financial stability of our subcontractors and suppliers, as well as on the availability of raw materials and other components.

64. The 2020 10-K also included the following false and misleading statements: “We are focused on safely returning the 737 MAX to service for all of our customers.”

65. Appended as an exhibit to the 2020 10-K were signed certifications pursuant to SOX, wherein the Individual Defendants certified that “[t]he [2020 10-K] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [2020 10-K] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

*First Fiscal Quarter 2021*

66. On April 28, 2021 the Company announced its financial results for the first quarter of 2021 ended March 31, 2021. In a press release announcing these results, Defendant Calhoun claimed “we remain focused on safety, quality and integrity as we deliver on our customer commitments.”

67. In the related earnings call the same day, Defendants made the following false and misleading statements:

[I]n the last several months, we’ve made important progress in safely returning the MAX to service worldwide. Since the FAA’s ungrounding late last year, more than 165 countries have now approved the resumption of MAX operations. We’ve delivered more -- 85 MAX airplanes to customers, 21 airlines have returned their fleets to service and we’ve safely flown more than 26,000 commercial flights, totaling more than 58,000 flight hours.

...

[W]e're firmly grounded and guided by our core values: safety, quality, and integrity.

68. On April 28, 2021, Boeing also filed with the SEC a Form 10-Q reporting the Company's financial and operational results for the quarter (the "Q1 2021 10-Q") which incorporated the risk factors disclosed in the Company's annual financial results reported on the 2020 10-K described above.

69. Appended as an exhibit to the Q1 2021 10-Q were signed certifications pursuant to SOX, wherein the Individual Defendants certified that "[t]he [Q1 2021 10-Q] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]" and that "[t]he information contained in the [Q1 2021 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company."

*Second Fiscal Quarter 2021*

70. On July 28, 2021, the Company announced its financial results for the second quarter of 2021 ended June 30, 2021. In a press release announcing these results, Defendant Calhoun claimed "we remain committed to safety and quality, while investing in our people, products and technology."

71. In the related earnings call the same day, Defendants made the following false and misleading statements:

175 countries have now approved the resumption of 737 MAX operations. We've delivered more than 130 airplanes. Our airline customers have returned more than 190 previously grounded airplanes to revenue service. 30 airlines have returned their fleets to service. And those airlines have safely flown nearly 95,000 commercial flights, totaling more than 218,000 flight hours. Importantly, the fleet has an impressive schedule reliability rate of more than 99%.

...

Turning to our efforts to drive stability. With every action we are driving toward engineering excellence, production system stability and first-time quality and delivery predictability, which holding ourselves accountable to the highest standards. We're implementing comprehensive quality and productivity initiatives in our factories and strengthening our quality reviews within our supply chain. We conduct regular audits internally with suppliers to ensure adherence to approve processes and practices ranging from production methods to documentation standards. And as part of our process, we proactively and transparently keep the FAA fully aware of our efforts.

...

As we continue to transform our business, we remain committed to quality, safety, integrity and transparency in everything that we do and every action we take.

72. On July 28, 2021, Boeing also filed with SEC a Form 10-Q reporting the Company's financial and operational results for the quarter (the "Q2 2021 10-Q") which incorporated the risk factors disclosed in the Company's annual financial results reported on the 2020 10-K described above.

73. Appended as an exhibit to the Q2 2021 10-Q were signed certifications pursuant to SOX, wherein the Individual Defendants certified that "[t]he [Q2 2021 10-Q] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]" and that "[t]he information contained in the [Q2 2021 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company."

*Third Fiscal Quarter 2021*

74. On October 27, 2021, the Company announced its financial results for the second quarter of 2021 ended September 30, 2021. In a press release announcing these results, Defendants claimed "Boeing is continuing to make progress on the global safe return to service of the 737 MAX."



75. In the related earnings call the same day, Defendants made the following false and misleading statements:

We're continuing our transformational efforts to create long-lasting value, which will improve our performance, help us generate positive cash flow and create a foundation to enable us to return to healthy margins. While we do this, we remain committed to safety, quality and transparency.

...

We're making important progress. We're taking the right actions to drive stability, to drive safety and quality in everything that we do.

...

In the short time I've been here, the priorities couldn't be more clear: Deliver for our customers, drive the highest levels of safety, quality and stability in all we do, innovate for the future and generate positive, sustainable free cash flow.

76. On October 27, 2021, Boeing also filed with the SEC a Form 10-Q reporting the Company's financial and operational results for the quarter (the "Q3 2021 10-Q") which incorporated the risk factors disclosed in the Company's annual financial results reported on the 2020 10-K described above.

77. Appended as an exhibit to the Q3 2021 10-Q were signed certifications pursuant to SOX, wherein the Individual Defendants certified that "[t]he [Q3 2021 10-Q] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]" and that "[t]he information contained in the [Q3 2021 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company."

*Fourth Fiscal Quarter 2021 and Full Year 2021*

78. On January 26, 2022, the Company announced its financial results for the fourth fiscal quarter of 2021 and for the year ended December 31, 2021. In a press release announcing

these results, Defendants claimed “Boeing is continuing to make progress on the global safe return to service of the 737 MAX.”

79. In the related earnings call the same day, Defendants made the following false and misleading statements:

We’ve flown safely over 800,000 flight hours, 99.3% service reliability. And we’ve now flown more post the MAX grounding than we did pre-MAX grounding.

...

I’ll highlight the priorities we have. I don’t think any of them should surprise anybody. They may look boring with respect to words like stability, safety, quality management. But that is still our focus, and we’re going to be relentless about it. This is a very important year as we begin the year and then exit the year where we can predict to customers and to all of you the deliveries of our airplanes and ensure the quality is what it needs to be, et cetera. And culturally, our team is getting closer to their work than they’ve ever been. We feel good about that, and we invest. We’re investing heavily in the future capabilities of our company.

...

We remain focused on solidifying our business for long-term success. The lessons we’ve learned and the changes we’ve implemented in the last 2 years will help us to do that. We’re driving safety, quality, stability into every corner of our operations to enable future growth. And we made solid progress against our goals over the last 3 months.

...

As we invest, we continue to be laser-focused on our business transformation efforts to drive quality, productivity and cash flow.

80. On January 31, 2022, Boeing also filed with the SEC an annual report on Form 10-K reporting the Company’s financial and operational results for the year (the “2021 10-K”) which included the following false and misleading risk factors:

We remain subject to a number of risks and uncertainties related to the 737 MAX. These risks include uncertainties regarding the

timing and conditions of remaining 737 MAX regulatory approvals, lower than planned production rates and/or delivery rates, additional considerations to customers, increased supplier costs and supply chain health, changes to the assumptions and estimates made in our financial statements regarding the 737 program and potential outcomes of 737 MAX-related legal proceedings and government investigations that remain outstanding.

...

Our Commercial Airplanes business depends on our ability to maintain a healthy production system, ensure every airplane in our production system conforms to our exacting specification, achieve planned production rate targets, successfully develop new aircraft or new derivative aircraft, and meet or exceed stringent performance and reliability standards.

...

Our ability to deliver products and services that satisfy customer requirements is heavily dependent on the performance and financial stability of our subcontractors and suppliers, as well as on the availability of raw materials and other components.

81. The 2021 10-K also included the following false and misleading statements:

Safety, quality, integrity and sustainability are at the core of how Boeing operates.

...

We intend to continue to compete with other airplane manufacturers by providing customers with higher quality products.

82. Appended as an exhibit to the 2021 10-K were signed certifications pursuant to SOX, wherein the Individual Defendants certified that “[t]he [2021 10-K] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [2021 10-K] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

*First Fiscal Quarter 2022*

83. On April 27, 2022, the Company announced its financial results for the first quarter of 2022 ended March 31, 2022. In a press release announcing these results, Defendants claimed “Boeing has nearly completed the global safe return to service of the 737 MAX and the fleet has flown more than one million total flight hours since late 2020.”

84. In the related earnings call the same day, Defendants made the following false and misleading statements:

Everything we are doing is leading with safety and quality and ultimately driving stability for our airline customers. And we believe we’re taking the right actions for the future.

...

As we deliver today’s numbers, know that we are increasing our investment, safety and producibility, digital transformation, autonomy and sustainable aerospace are the keynotes with respect to where those investments are going.

...

Stability and predictability, it’s coming along. It will matter in the years ahead. And above all else, our culture is built around safety, built around quality. And transparency is the word of the day with respect to how we interact with our counterparties everywhere in the world.

...

[W]hile we do all this, we’re laser-focused on safety, quality and stability. We believe these are the right actions and resource calls. And we remain confident in the strength of our business now and in the future.

85. On April 27, 2022, Boeing also filed with the SEC a Form 10-Q reporting the Company’s financial and operational results for the quarter (the “Q1 2022 10-Q”) which incorporated the risk factors disclosed in the Company’s annual financial results reported on the 2021 10-K described above.

86. Appended as an exhibit to the Q1 2022 10-Q were signed certifications pursuant to SOX, wherein the Individual Defendants certified that “[t]he [Q1 2022 10-Q] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [Q1 2022 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

*Second Fiscal Quarter 2022*

87. On July 27, 2022, the Company announced its financial results for the second quarter of 2022 ended June 30, 2022. In a press release announcing these results, Defendant Calhoun claimed “[w]e will stay focused on safety, quality and transparency, as we drive stability, improve performance, and continue to invest in our future.”

88. In the related earnings call the same day, Defendants claimed “[s]afety, quality, transparency, these are values, and this is what we remain focused on”

89. On July 27, 2022, Boeing also filed with the SEC a Form 10-Q reporting the Company’s financial and operational results for the quarter (the “Q2 2022 10-Q”) which incorporated the risk factors disclosed in the Company’s annual financial results reported on the 2021 10-K described above.

90. Appended as an exhibit to the Q2 2022 10-Q were signed certifications pursuant to SOX, wherein the Individual Defendants certified that “[t]he [Q2 2022 10-Q] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [Q2 2022 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

*Third Fiscal Quarter 2022*

91. On October 26, 2022, the Company announced its financial results for the third quarter of 2022 ended September 30, 2022. In the related earnings call the same day, Defendants

claimed “On the 737 MAX, return to service. Again, philosophy is one at a time. 1 million revenue flights, exceptional schedule reliability, that’s what we’ve experienced.”

92. On October 26, 2022, Boeing also filed with the SEC a Form 10-Q reporting the Company’s financial and operational results for the quarter (the “Q3 2022 10-Q”) which incorporated the risk factors disclosed in the Company’s annual financial results reported on the 2021 10-K described above.

93. Appended as an exhibit to the Q3 2022 10-Q were signed certifications pursuant to SOX, wherein the Individual Defendants certified that “[t]he [Q3 2022 10-Q] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [Q3 2022 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

*Fourth Fiscal Quarter 2022 and Full Year 2022*

94. On January 25, 2023, the Company announced its financial results for the fourth fiscal quarter of 2022 and for the year ended December 31, 2022. In a press release announcing these results, Defendants claimed “We are investing in our business, innovating and prioritizing safety, quality and transparency . . . . While challenges remain, we are well positioned and are on the right path to restoring our operational and financial strength.”

95. In the related earnings call the same day, Defendants claimed “the 737 MAX team has made tremendous progress. Fleet is performing exceptionally well. Production is stabilizing, demand is strong . . . . [S]ince our return to service, the fleet has surpassed 3 million flight hours. It’s safe and it’s the most reliable of the airplane fleets.”

96. On January 27, 2023, Boeing also filed with the SEC an annual report on Form 10-K reporting the Company’s financial and operational results for the year (the “2022 10-K”) which included the following false and misleading risk factors:

Our Commercial Airplanes business depends on our ability to maintain a healthy production system, ensure every airplane in our production system conforms to our exacting specifications, achieve planned production rate targets, successfully develop and certify new aircraft or new derivative aircraft, and meet or exceed stringent performance and reliability standards.

...

Our ability to deliver products and services that satisfy customer requirements is heavily dependent on the performance and financial stability of our subcontractors and suppliers, as well as on the availability of highly skilled labor, raw materials and other components.

97. Appended as an exhibit to the 2022 10-K were signed certifications pursuant to SOX, wherein the Individual Defendants certified that “[t]he [2022 10-K] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]” and that “[t]he information contained in the [2022 10-K] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

*First Fiscal Quarter 2023*

98. On April 26, 2023, the Company announced its financial results for the first quarter of 2023 ended March 31, 2023. In the related earnings call the same day, Defendants made the following false and misleading statements in response to an issue with the 737 MAX manufacturing process revealed by the Company’s fuselage supplier:

As we mentioned last week, there’s no immediate safety of flight issue, and the fleet can continue to operate safely. We will work diligently through this process together. We will prioritize safety. We will prioritize quality and transparency every step of the way. Taking a wider view. I couldn’t be more proud of the MAX team and the progress that we have made. We now have over 1,000 737 MAX airplanes flying in the fleet. And since our return to service, the fleet has safely flown more than 4 million flight hours with exceptional reliability.

...

Again, no safety implications. The margins in our designs provide for significantly greater safety protection. So anyway, I don't ever accept and I hope you don't think we might ever accept that where these things go on, but this one, in particular, very, very difficult, no matter how many people you put in the field or that Spirit puts out there to see. Anyway, the good news is we've now been through the unveiling of the issue. We've been through the rework procedures, both on the captured fuselages in our factory that have not yet gone through the subsequent stages. And we've already looked at finished good airplanes where we have to remove the fin in order to get at it. And these are all now defined work scopes. And now we just get more efficient in the process of doing that reworking.

99. On April 26, 2023, Boeing also filed with the SEC a Form 10-Q reporting the Company's financial and operational results for the quarter (the "Q1 2023 10-Q") which incorporated the risk factors disclosed in the Company's annual financial results reported on the 2022 10-K described above.

100. In addition, in the Q1 2023 10-Q, Defendants issued the following false and misleading statement: "In April 2023, our fuselage supplier notified us that a non-standard manufacturing process was used on two fittings in the aft fuselage section of certain 737-7, 737-8 and 737 military derivative aircraft. This issue does not affect the 737-9 or 737-10 minor models. There is not an immediate safety of flight issue and the in-service fleet can continue operating safely."

101. Appended as an exhibit to the Q1 2023 10-Q were signed certifications pursuant to SOX, wherein the Individual Defendants certified that "[t]he [Q1 2023 10-Q] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]" and that "[t]he information contained in the [Q1 2023 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company."



*Second Fiscal Quarter 2023*

102. On July 26, 2023, the Company announced its financial results for the first quarter of 2023 ended June 30, 2023. In the related earnings call the same day, Defendants made the following false and misleading statements:

With respect to the Spirit quality escapes, the work stoppage and the bridge impairment, all have been contained and will be remedied as we exit the third quarter. But it will cost us a few deliveries in the quarter itself.

...

I'd like to recognize our team and our customers on the 737 MAX return to service. As of this month, the fleet has flown more than 5 million flight hours and over 2 million flights since returning to service, all with exceptional reliability.

103. On July 26, 2023, Boeing also filed with the SEC a Form 10-Q reporting the Company's financial and operational results for the quarter (the "Q2 2023 10-Q") which incorporated the risk factors disclosed in the Company's annual financial results reported on the 2022 10-K described above.

104. In addition, in the Q2 2023 10-Q, Defendants made the following false and misleading statement: "In April 2023, our fuselage supplier notified us that a non-standard manufacturing process was used on two fittings in the aft fuselage section of certain 737-7, 737-8 and 737 military derivative aircraft. There is not a safety of flight issue and the in-service fleet can continue operating safely. While this impacted deliveries in the second quarter, newly built aircraft now meet our specifications."

105. Appended as an exhibit to the Q2 2023 10-Q were signed certifications pursuant to SOX, wherein the Individual Defendants certified that "[t]he [Q2 2023 10-Q] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]" and that "[t]he information

contained in the [Q2 2023 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

*Third Fiscal Quarter 2023*

106. On October 25, 2023, the Company announced its financial results for the third quarter of 2020 ended September 30, 2023. In a press release announcing these results, Defendants claimed:

We are focused on driving stability in our supply chain and improving operational performance as we steadily increase production rates to meet strong demand. The important work we’re doing to add rigor around our quality systems and build a culture of transparently bringing forward any issue, no matter the size, can bring short-term challenges – but it is how we set ourselves on the right course for our long-term future. Leading with safety, quality and transparency, we will continue to restore our operational and financial strength.

...

On the 737 program, during the quarter a supplier non-conformance was identified on the aft pressure bulkhead section of certain 737 airplanes. This is not an immediate safety of flight issue and the in-service fleet can continue operating safely.

107. In the related earnings call the same day, Defendants made the following false and misleading statements:

We are seeing increased stability and quality performance within our own factories, but we’re working to get the supply chain caught up to the same standards. Our production system is poised for steady and efficient increases, but we won’t push the system too fast, and we’ll ensure the supply base is in lockstep with us.

...

Over the last several years, we’ve added rigor around our quality processes. We’ve worked hard to instill a culture of speaking up and transparently bringing forward any issue, no matter the size, so that we can get things right for a bright future.

...

I got to tell you, these fuselages, man, they have been gone over with a microscope in light of what we've experienced here in the last 4 months.

108. On October 25, 2023, Boeing also filed with the SEC a Form 10-Q reporting the Company's financial and operational results for the quarter (the "Q3 2023 10-Q") which incorporated the risk factors disclosed in the Company's annual financial results reported on the 2022 10-K described above.

109. Appended as an exhibit to the Q3 2023 10-Q were signed certifications pursuant to SOX, wherein the Individual Defendants certified that "[t]he [Q3 2023 10-Q] fully complies with the requirements of section 13(a) or 15(d) of the [Exchange Act]" and that "[t]he information contained in the [Q3 2023 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company."

110. The statements in ¶¶ 37-109 were false and/or misleading because at the same time these statements were made, Defendants failed to disclose that Boeing had been prioritizing its profits over safety, which led to poor quality control standards in the production of its commercial aircrafts such as the 737 MAX, resulting in a heightened risk of manufacturing flaws which could render the Company's new airplanes unsafe. This very risk had materialized during the Class Period. These false and/or misleading statements caused Boeing stock to trade at artificially inflated prices during the Class Period.

## **VII. DISCLOSURES OF DEFENDANTS' MISCONDUCT CAUSE INVESTOR LOSSES**

111. The truth about the heightened risk of manufacturing flaws which could render the Company's new airplanes unsafe began to emerge on Friday, January 5, 2024. On that day, Alaska Airlines Flight 1282 was forced to make an emergency landing minutes after take-off when a door plug blew off mid-flight. This left a gaping hole on the side of the plane's cabin mere feet from

where passengers were sitting. Soon thereafter, the NTSB indicated that it was investigating the event on the social media platform X (formerly Twitter).

112. Over that weekend, the FAA issued an emergency order grounding 171 Boeing 737 MAX 9 jets as it began safety inspections of 737 MAX planes alongside Boeing and airline operators. The Chair of the NTSB commented on the agency's ongoing investigation, indicating it would be probing Boeing's manufacturing process.

113. On Monday, January 8, 2024 Boeing's stock price dropped in pre-market trading as analysts and investors digested the potential financial impact to Boeing from the events that had unfolded over the weekend. For example, Morgan Stanley noted that without a significant improvement in quality control, a steep ramp-up in aircraft production for Boeing would be unlikely and "imprudent," with a likely increase in regulatory scrutiny on Boeing potentially causing certification delays to new 737 MAX models. On these disclosures, Boeing stock ultimately closed at \$229.00 per share on January 8, 2024, a \$20.00 per share or 8.0% drop from its previous closing price of \$249.00.

114. Then, on January 9, 2024, news outlets reported that United Airlines had found loose bolts on exit door plugs during their FAA-mandated inspections of Boeing 737 Max planes. The reports also noted that Alaska Airlines said its initial inspections of the jets had turned up "loose hardware." This indicated to investors that problems with Boeing's manufacturing process might go far beyond one plane, possibly affecting the entirety of its critical 737 MAX line. On this news, Boeing stock dropped an additional \$3.24 per share, or 1.4%, to close at \$225.76 per share on January 9, 2024.

115. After the market closed on January 9, 2024, *The Wall Street Journal* reported that Defendant Calhoun had told Boeing employees the Company would acknowledge its mistakes that

led to the January 5 incident, saying “[w]e are gonna approach this – No. 1 – acknowledging our mistake. We’re gonna approach it with 100% and complete transparency every step of the way.”

116. Then, on January 11, 2024 news outlets reported that the FAA had informed Boeing it had launched a formal investigation into whether Boeing had failed to properly ensure its aircraft were safe for operation. On this news, Boeing stock dropped an additional \$5.18 per share, or 2.3%, to close at \$222.66 per share on January 11, 2024.

117. After markets closed on January 11, 2024, news outlets reported that six Alaska Airlines passengers on flight 1282 and a family member of one of those passengers filed a class action lawsuit against Boeing in Washington state court. According to the lawsuit, plaintiffs claimed that Boeing owes them and the other 165 passengers aboard Flight 1282 compensation for injuries sustained during the incident.

118. Then, before markets opened on January 12, 2024, news outlets reported that the FAA would increase oversight of Boeing production and manufacturing processes. The FAA stated that a comprehensive audit set to be conducted on the Boeing 737 MAX 9 production line and its associated suppliers, specifically to assess Boeing’s adherence to approved quality procedures, which could result in further audits. FAA Administrator Mike Whitaker told CNBC that the new MAX 9 had “significant problems” and stated, “we believe there are other manufacturing problems.” He also noted that there is consideration for the use of an “independent third party to oversee Boeing’s inspections and its quality system.” On this news, Boeing stock dropped an additional \$4.96 per share, or 2.2%, to close at \$217.70 per share on January 12, 2024.

119. Then, on January 15, 2024, news outlets reported that deliveries of new 737 MAX jets will be delayed to China Southern Airlines pending additional safety inspections as China’s aviation regulator instructed airlines in its country to conduct precautionary safety investigations.

120. Before the market opened on January 16, 2024, Wells Fargo downgraded Boeing's stock citing risks associated with the FAA's inspection of Boeing's production. Wells Fargo said that the FAA audit "opens up a whole new can of worms," for Boeing. On this news, Boeing stock dropped \$17.18 per share, or 7.9%, to close at \$200.52 per share on January 16, 2024.

121. Finally, after the close of markets on January 24, 2024, news outlets reported that the FAA had announced it would not allow Boeing to expand production of the 737 MAX due to safety concerns related to the January 5, 2024 incident. On this news, Boeing stock dropped \$12.25 or 5.7%, to close at \$201.88 on January 25, 2024.

122. As a result of Defendants' wrongful acts and omissions, and the resulting decline in the market value of Boeing's stock, Plaintiff and the rest of the Class (as defined below) have suffered significant losses and damages.

#### **VIII. ADDITIONAL SCIENTER ALLEGATIONS**

123. As alleged herein, Defendants acted with scienter in that Defendants knew, or recklessly disregarded, that the documents and public statements they issued and disseminated to the investing public in the name of the Company, or in their own name, during the Class Period were materially false and misleading. Defendants knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements and documents as primary violations of the federal securities laws. Defendants, by virtue of their receipt of information reflecting the true facts regarding Boeing, and their control over and/or receipt and/or modification of Boeing's materially false and misleading statements, were active and culpable participants in the fraudulent scheme alleged herein.

124. Defendants knew or recklessly disregarded the false and misleading nature of the information they caused to be disseminated to the investing public. The fraudulent scheme described herein could not have been perpetrated during the Class Period without the knowledge

and complexity of, or at least the reckless disregard by, personnel at the highest levels of the Company, including the Individual Defendants.

125. The Individual Defendants, because of their positions with Boeing, controlled the contents of Boeing's public statements during the Class Period. The Individual Defendants were each provided with or had access to the information alleged herein to be false and misleading prior to or shortly after its issuance and had the ability and opportunity to prevent its issuance or cause it to be corrected. Because of their positions and access to material, non-public information, the Individual Defendants knew or recklessly disregarded that the adverse facts specified herein had not been disclosed to and were being concealed from the investing public and that the positive representations that were being made were false and misleading. As a result, each of the Defendants is responsible for the accuracy of Boeing's corporate statements and is, therefore responsible and liable for the representations contained therein.

#### **IX. LOSS CAUSATION**

126. During the Class Period, as detailed herein, Boeing and the Individual Defendants made false and misleading statements and omissions, and engaged in a scheme to deceive the market. These false and misleading statements and omissions artificially inflated the price of Boeing stock and operated as a fraud or deceit on the Class (as defined below). Later, when Defendants' prior misrepresentations and fraudulent conduct were disclosed to the market, Boeing's stock price fell significantly. As a result of their purchases of Boeing stock during the Class Period, Plaintiff and other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

#### **X. CLASS ACTION ALLEGATIONS**

127. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons or entities that purchased or otherwise acquired Boeing

common stock during the Class Period (the “Class”). Excluded from the Class are Defendants and their families, and directors and officers of Boeing and their families and affiliates.

128. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. As of October 18, 2023, Boeing had 604,976,797 shares of common stock outstanding, owned by hundreds or thousands of investors.

129. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

- (a) Whether Defendants violated the Exchange Act;
- (b) Whether Defendants’ statements and/or actions misrepresented material facts;
- (c) Whether Defendants’ statements and/or actions omitted material necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
- (d) Whether Defendants knew or recklessly disregarded that their statements, actions, and/or omissions were false and misleading;
- (e) Whether Defendants’ misconduct impacted the price of Boeing stock;
- (f) Whether Defendants’ conduct caused the members of the Class to sustain damages; and
- (g) The extent of damages sustained by Class members and the appropriate measure of damages.

130. Plaintiff’s claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants’ wrongful conduct.



131. Plaintiff will adequately protect the interests of the Class and has retained counsel experienced in class action securities litigation. Plaintiff has no interests which conflict with those of the Class.

132. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

## **XI. INAPPLICABILITY OF STATUTORY SAFE HARBOR**

133. Boeing's "Safe Harbor" warnings accompanying its forward-looking statements issued during the Class Period were ineffective to shield those statements from liability.

134. Defendants are also liable for any false and misleading forward-looking statements pleaded herein because, at the time each such statement was made, the speaker knew the statement was false and misleading and the statement was authorized and/or approved by an executive officer of Boeing who knew that the statement was false. None of the historic or present-tense statements made by Defendants were assumptions underlying or relating to any plan, projection, or statement of future economic performance, as they were stated to be such assumptions underlying or relating to any projection or statement of future economic performance when made, nor were any of the projections or forecasts made by Defendants expressly related to, or stated to be dependent on, those historic or present-tense statements when made.

## **XII. PRESUMPTION OF RELIANCE**

135. At all relevant times, the market for Boeing stock was an efficient market for, among other things, the following reasons:

(a) Boeing common stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient market;

(b) As a regulated issuer, Boeing filed periodic public reports with the SEC and the NYSE;

(c) Boeing regularly and publicly communicated with investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

136. Boeing was followed by several securities analysts employed by major brokerage firm(s) who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firm(s) and which were distributed to the sales force and certain customers of their respective brokerage firm(s). Each of these reports was publicly available and entered the public marketplace.

137. As a result of the foregoing, the market for Boeing stock promptly digested current information regarding Boeing from publicly available sources and reflected such information in the price of Boeing stock. Under these circumstances, all purchasers of Boeing stock during the Class Period suffered similar injury through their purchase of Boeing stock at artificially inflated prices and the presumption of reliance under the fraud-on-the-market doctrine applies.

138. Further, at all relevant times, Plaintiff and other Class members relied on Defendants to disclose material information as required by law. Plaintiff and other Class members would not have purchased or otherwise acquired Boeing stock at artificially inflated prices if Defendants had disclosed all material information as required by law. Thus, to the extent that Defendants concealed or improperly failed to disclose material facts concerning the Company and its business, Plaintiff and other Class members are entitled to a presumption of reliance in accordance with *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128, 153 (1972).

**XIII. CLAIMS FOR RELIEF UNDER THE EXCHANGE ACT**

**COUNT I**

**For Violations of Section 10(b) of the Exchange Act and SEC Rule 10b-5  
(Against All Defendants)**

139. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

140. During the Class Period, Defendants disseminated or approved the false statements specified above, which they knew or recklessly disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

141. Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 in that they:

- (a) Employed devices, schemes, and artifices to defraud;
- (b) Made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (c) Engaged in acts, practices, and a course of business that operated as a fraud or deceit upon Plaintiff and others similarly situated in connection with their purchases of Boeing stock during the Class Period.

142. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Boeing stock. Plaintiff and the Class would not have purchased Boeing stock at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by Defendants' misleading statements.

143. As a direct and proximate result of these Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their purchases of Boeing stock during the Class Period.

## **COUNT II**

### **For Violations of Section 20(a) of the Exchange Act (Against the Individual Defendants)**

144. Plaintiff repeats and realleges the allegations contained in ¶¶ 1-138 as if fully set forth herein.

145. The Individual Defendants acted as controlling persons of Boeing within the meaning of Section 20(a) of the Exchange Act. By virtue of their positions and their power to control public statements about Boeing, the Individual Defendants had the power and ability to control the actions of Boeing and its employees. By reason of such conduct, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

## **XIV. PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays for judgment as follows:

- (A) Declaring this action to be a proper class action pursuant to Federal Rule of Civil Procedure 23;
- (B) Awarding Plaintiff and the members of the Class damages with interest;
- (C) Awarding Plaintiff's reasonable costs, including attorneys' fees; and
- (D) Awarding such equitable, injunctive, or other relief as the Court may deem just and proper.

## **XV. JURY DEMAND**

Plaintiff demands a trial by jury.

Dated: January 30, 2024

Respectfully submitted,

/s/ Steven J. Toll

**COHEN MILSTEIN SELLERS  
& TOLL PLLC**

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*Counsel for Plaintiff and the Proposed Class*

### CERTIFICATION

I, Eileen K. Cheng, on behalf of the State of Rhode Island Office of the General Treasurer, on behalf of the Employees' Retirement System of the State of Rhode Island ("Rhode Island"), hereby certify as follows:

1. I am the General Counsel for the State of Rhode Island Office of the General Treasurer and am fully authorized to enter into and execute this Certification on behalf of Rhode Island. I have reviewed a complaint prepared against The Boeing Company ("Boeing") alleging violations of the federal securities laws. Rhode Island has authorized the filing of this pleading.

2. Rhode Island did not purchase common stock of Boeing at the direction of counsel to participate in any private action under the federal securities laws.

3. Rhode Island is willing to serve as a lead plaintiff and representative party in this matter, including providing testimony at deposition and trial, if necessary. Rhode Island fully understands the duties and responsibilities of the lead plaintiff under the Private Securities Litigation Reform Act, including the selection and retention of counsel and overseeing the prosecution of the action for the Class.

4. Rhode Island's transactions in Boeing common stock during the Class Period are reflected in Exhibit A, attached hereto.

5. Rhode Island has sought to serve or currently serves as a lead plaintiff or representative party in the following class actions under the federal securities laws filed during the last three years:

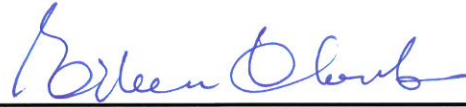
*Yoshikawa v. Exxon Mobil Corporation*, No. 3:21-cv-0194 (N.D. Tex.)

*Ardalan v. Wells Fargo & Company*, No. 3:22-cv-3811 (N.D. Cal.)

6. Rhode Island will not accept payment for serving as a lead plaintiff and representative party on behalf of the Class beyond Rhode Island's pro rata share of any recovery,

except the reimbursement of such reasonable costs and expenses (including lost wages) as ordered or approved by the Court.

I declare under penalty of perjury, under the laws of the United States, that the foregoing is true and correct this 30<sup>th</sup> day of January, 2024.



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Eileen K. Cheng

General Counsel

*State of Rhode Island Office of the General  
Treasurer, on behalf of the Employees'  
Retirement System of the State of Rhode  
Island*

## EXHIBIT A

TRANSACTIONS IN THE BOEING COMPANY

Transaction Type	Trade Date	Shares	Share Price	Cost/Proceeds
Purchases	11/07/19	6,500	\$357.88	(\$2,326,195.30)
Purchases	11/11/19	2,600	\$366.96	(\$954,096.00)
Purchases	11/12/19	3,200	\$362.88	(\$1,161,216.00)
Purchases	11/12/19	100	\$362.88	(\$36,288.00)
Purchases	11/12/19	10,800	\$362.88	(\$3,919,104.00)
Purchases	11/12/19	700	\$362.88	(\$254,016.00)
Purchases	02/18/20	70	\$337.70	(\$23,639.25)
Purchases	04/22/20	300	\$135.56	(\$40,667.49)
Sales	12/29/20	(800)	\$216.22	\$172,978.00
Sales	01/27/21	(700)	\$194.03	\$135,821.00
Sales	03/29/21	(1,900)	\$250.52	\$475,988.00
Sales	03/29/21	(100)	\$250.52	\$25,052.00
Sales	09/17/21	(1,245)	\$213.36	\$265,633.20
Sales	09/27/21	(500)	\$224.16	\$112,080.00
Purchases	07/29/22	400	\$159.31	(\$63,724.00)
Purchases	11/30/22	200	\$175.83	(\$35,165.94)
Sales	02/22/23	(600)	\$205.76	\$123,456.00
Sales	07/25/23	(100)	\$214.12	\$21,412.00
Sales	08/28/23	(200)	\$227.06	\$45,412.00
Sales	08/28/23	(100)	\$227.06	\$22,706.00
Sales	09/26/23	(300)	\$195.64	\$58,692.00
Sales	12/22/23	(600)	\$260.44	\$156,264.00